



JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

General Information

Auditors

Auditor-General of South Africa

Attorneys

Neville Cloete Attorneys Incorporated

Draft

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) (MFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 85, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on her behalf by:

M.P. Bokgwathile
Accounting officer
Kuruman
31 August 2015

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	17 938 194	34 618 346
Receivables from exchange transactions	4	12 430 293	7 229 469
VAT receivable	5	1 843 566	3 734 285
		32 212 053	45 582 100
Non-Current Assets			
Biological assets	6	5 095 140	4 524 750
Investment property	7	6 860 000	6 315 000
Property, plant and equipment	8	78 372 198	75 402 771
Intangible assets	9	365 714	358 436
Heritage assets	10	19 750	19 750
		90 712 802	86 620 707
Total Assets		122 924 855	132 202 807
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	10 265 784	7 521 706
Finance lease obligation	12	230 698	42 701
Other financial liabilities	13	213 243	190 577
Unspent conditional grants and receipts	14	3 773 228	6 253 260
Employee benefit obligation	15	1 373 344	1 329 322
Provisions	16	1 423 000	1 074 000
		17 279 297	16 411 566
Non-Current Liabilities			
Finance lease obligation	12	275 118	-
Other financial liabilities	13	1 768 102	1 976 998
Employee benefit obligation	15	24 080 330	26 750 451
		26 123 550	28 727 449
Total Liabilities		43 402 847	45 139 015
Net Assets		79 522 008	87 063 792
Reserves			
Revaluation reserve	17	41 970 148	41 970 148
Accumulated surplus		37 551 860	45 093 644
Total Net Assets		79 522 008	87 063 792

* See Note 43

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	41 970 148	50 207 340	92 177 488
Adjustments			
Prior period errors	-	438 564	438 564
Balance at 01 July 2013 as restated*	41 970 148	50 555 994	92 526 142
Changes in net assets			
Deficit for the year	-	(5 462 350)	(5 462 350)
Deficit as previously stated	-	(5 256 057)	(5 256 057)
Prior period errors (note 44)	-	(206 293)	-
Total changes	-	(5 462 350)	(5 462 350)
Balance at 01 July 2014 as restated	41 970 148	45 093 645	87 063 793
Changes in net assets			
Deficit for the year	-	(7 541 785)	(7 541 785)
Total changes	-	(7 541 785)	(7 541 785)
Balance at 30 June 2015	41 970 148	37 551 860	79 522 008

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* See Note 43

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue by source

Investment revenue	2 756 691	-	2 756 691	2 734 876	(21 815)	
Transfers recognised - operational	72 435 894	673 000	73 108 894	72 036 172	(1 072 722)	
Other own revenue	30 732 945	-	30 732 945	8 593 327	(22 139 618)	47.1
Total Revenue (excluding capital transfers and contributions)	105 925 530	673 000	106 598 530	83 364 375	(23 234 155)	

Expenditure by type

Employee costs	(56 015 818)	4 071 777	(51 944 041)	(47 914 476)	4 029 565	47.2
Remuneration of councillors	(4 872 349)	(1 754 045)	(6 626 394)	(4 791 941)	1 834 453	47.3
Debt impairment	-	-	-	(19 486)	(19 486)	
Depreciation & asset impairment	(861 289)	-	(861 288)	(3 375 118)	(2 513 830)	47.4
Finance charges	(263 500)	-	(263 500)	(2 682 901)	(2 419 401)	47.5
Transfers and grants	(10 001 894)	215 000	(9 786 894)	-	9 786 894	47.6
Other expenditure	(28 125 540)	(2 694 317)	(30 819 857)	(32 982 387)	(2 162 530)	47.7

Total expenditure	(100 140 390)	(161 585)	(100 301 974)	(91 766 309)	8 535 665	
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Surplus	5 785 140	511 415	6 296 556	(8 401 934)	(14 698 490)	
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Transfers recognised - capital	800 000	1 000 000	1 800 000	817 553	(982 447)	47.8
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Surplus after capital transfers & contributions	6 585 140	1 511 415	8 096 556	(7 584 381)	(15 680 937)	
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Loss on derecognition of assets and liabilities	-	-	-	(1 072 794)	(1 072 794)	47.9
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Fair value adjustments	-	-	-	1 115 390	1 115 390	47.10
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Surplus / (deficit) for the year	6 585 140	1 511 415	8 096 556	(7 541 785)	(15 638 341)	
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JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Goods and services	13 049 636	-	13 049 636	3 330 316	(9 719 320)	47.12
Grants	73 235 896	-	73 235 896	70 373 693	(2 862 203)	47.13
Interest income	-	-	-	2 734 876	2 734 876	47.14
	86 285 532	-	86 285 532	76 438 885	(9 846 647)	
Payments						
Suppliers and employees	(89 874 996)	-	(89 874 996)	(83 331 103)	6 543 893	47.15
Finance charges	(263 500)	-	(263 500)	(2 682 901)	(2 419 401)	47.16
Grants and subsidies paid	(10 001 894)	-	(10 001 894)	-	10 001 894	47.17
	(100 140 390)	-	(100 140 390)	(86 014 004)	14 126 386	
Net cash flows from operating activities	(13 854 858)	-	(13 854 858)	(9 575 119)	4 279 739	
Cash flows from investing activities						
Payments						
Capital assets	(6 584 050)	-	(6 584 050)	(7 424 618)	(840 568)	47.18
Cash flows from financing activities						
Receipts						
Increase in finance lease liabilities	-	-	-	699 406	699 406	47.18
Payments						
Repayment of borrowing	(263 500)	-	(263 500)	(186 230)	77 270	47.19
Finance lease payments	-	-	-	(193 591)	(193 591)	47.20
	(263 500)	-	(263 500)	(379 821)	(116 321)	
Net cash flows from investing activities	(263 500)	-	(263 500)	319 585	583 085	
Net increase/(decrease) in cash held	(20 702 408)	-	(20 702 408)	(16 680 152)	4 022 256	
Cash/cash equivalents at the start of the year:	(16 565 000)	-	(16 565 000)	34 618 346	51 183 346	47.21
Cash and cash equivalents at the end of the year	(37 267 408)	-	(37 267 408)	17 938 194	55 205 602	

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	800 000	1 000 000	1 800 000	-		1 800 000	817 553		(982 447)	45 %	102 %
Surplus (Deficit) after capital transfers and contributions	6 585 140	1 511 415	8 096 555	-		8 096 555	(7 584 381)		(15 680 936)	(94)%	(115)%
Loss on derecognition of assets and liabilities	-	-	-	-		-	(1 072 794)		(1 072 794)	DIV/0 %	DIV/0 %
Fair value adjustments	-	-	-	-		-	1 115 390		1 115 390	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	6 585 140	1 511 415	8 096 555	-		8 096 555	(7 541 785)		(15 638 340)	(93)%	(115)%
Capital expenditure and funds sources											
Total capital expenditure	6 584 050	-	6 584 050			6 584 050	7 424 618		840 568	113 %	113 %

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Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2014				
Financial Performance				
Investment revenue				2 789 198
Transfers recognised - operational				64 912 101
Other own revenue				8 976 489
Total revenue (excluding capital transfers and contributions)				76 677 788
Employee costs	-	-	-	(49 844 956)
Remuneration of councillors	-	-	-	(3 903 592)
Debt impairment	-	-	-	(5 707)
Depreciation and asset impairment	-	-	-	(3 118 394)
Finance charges	-	-	-	(2 115 930)
Other expenditure	-	-	-	(25 544 538)
Total expenditure	-	-	-	(84 533 117)
Surplus/(Deficit)				(7 855 329)
Transfers recognised - capital				2 392 979
Surplus (Deficit) after capital transfers and contributions				(5 462 350)
Surplus/(Deficit) for the year				(5 462 350)
Capital expenditure and funds sources				
Total capital expenditure				3 030 159
Sources of capital funds				
Transfers recognised - capital				(2 392 979)
Internally generated funds				(637 180)
Total sources of capital funds				(3 030 159)